

Shipbuilding Company Sails Toward AI-Powered Future After Drastically Reducing IT Costs



Client Profile: HSG Sungdong Shipbuilding manufactures a variety of specialized vessels and marine engineering equipment. The company's ships are largely used to store, process, and transport oil and gas. The company, launched in April 2020, is the product of HSG Heavy Industries' acquisition of Sungdong Shipbuilding & Marine Engineering.

Industry: Manufacturing

Geography: Gyeongsangnam-do, South Korea

Employees: 650+

Supported Products/Applications:

Oracle E-Business Suite 12.1

Oracle Database 11g

Oracle Fusion Middleware

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General affairs information head of department, HSG Sungdong Shipbuilding

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Despite a period of decline in maritime trade, for those willing to embrace change and actively adapt, the shipbuilding industry's future is full of potential. Mirroring the path of its peer group, HSG Sungdong Shipbuilding has returned to solvency following a period in receivership and is navigating a new, upward trajectory. The company's vision embraces key elements of its industry's future: robotics, automation, and artificial intelligence (AI).

Smart Yard: Modernized Facilities for Competitive Differentiation

A critical aspect of HSG Sungdong Shipbuilding's return to commercial viability in an increasingly competitive market is the Smart Yard. Dongjin Kim, general affairs information head of department, elaborated, "The Smart Yard is a field automation project designed to modernize and optimize our facilities. Success in initiatives, like the automation of the numeric control system in our steel cutting factory, have significantly enhanced the accuracy and efficiency of production."

The innovative, AI-powered shipyard covers more than 1 million square meters, integrating all construction processes from steel cutting through delivery with the company's Smart Flow production system. The plant includes features such as a digital welding system and automated panel and unit assembly shops, all of which help maximize quality and productivity.

HSG Sungdong Shipbuilding's Smart Yard project is a product of the South Korean government's national initiative to invest in AI-enhanced projects and help reinvigorate the operations of shipbuilders. Smart Yard is enabling the company to competitively manufacture its signature vessels as it returns to profitability.

Back from Dangerous Financial Waters

The modernized facility and its continued development are huge celebratory milestones in HSG Sungdong Shipbuilding's recovery. Following the global decline

Benefits

- Achieved company-critical requirement to slash expenses:** IT's biggest single expenditure was reduced 50% with the switch to independent third-party support for the Oracle platform.
- Enhanced support for Oracle E-Business Suite, Oracle Database, and Fusion Middleware:** In-country expertise delivers faster problem resolution.
- Reallocated portion of existing budget to create competitive differentiation:** Rationalized IT expenses enable investment in production automation and facility modernization.

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in demand for new vessel production, the company had accumulated sizable debt and was placed into receivership. With stringent court-imposed stipulations and looming deadlines to restructure, liquidation had appeared imminent.

"In this difficult situation, the absolute top priority was to identify how to reduce costs. Reviewing our budget confirmed that IT's biggest single expenditure was maintaining Oracle applications and database. Despite being a critical application, the cost to support Oracle was so large that our head of finance was always asking 'Why is it so expensive?'" recollected Kim. Drastically reducing this expense became necessary to sustain the company's ongoing financial viability.

To ensure system availability, HSG Sungdong Shipbuilding had subscribed to Oracle's Premier Support and Advanced Customer Service. Kim added, "We had used Oracle E-Business Suite [EBS] for over 10 years and throughout that entire time, we rarely received support from Oracle, a service provider. Considering our level of usage, there really wasn't any justification to continue paying Oracle's support fees."

After examining its options, HSG Sungdong Shipbuilding contracted with an independent third-party support provider. "We were able to cut more than 50% from the amount we had originally been paying Oracle for support. These are savings that benefit the entire company and enable us to strategically reallocate funds to the Smart Yard initiative," explained Kim.

Rimini Street: First Mate in a New Adventure

The IT team director discovered Rimini Street's independent third-party support for Oracle services while researching cloud migration services. He recalled, "In the long run, we are keen to move EBS to the cloud and reduce daily oversight of the system using robotic process automation. Rimini Street was chosen because cost savings are a necessary first-priority for realizing any future plans in addition to quality support."

With Rimini Street, HSG Sungdong Shipbuilding has access to world-class support at considerably lower expense. Kim highlighted, "Whenever we had a challenging problem, Oracle's local team would frequently transfer the ticket overseas to headquarters for an answer, which always caused a delay. Rimini Street's Korean office is staffed with an experienced group of specialists that repeatedly resolves issues without having to escalate outside of the country."

The efforts to restructure and rebuild have enabled HSG Sungdong Shipbuilding to create a robust foundation for the company's return to market prominence. Ever forward-looking, Kim is already planning for the opportunities and challenges that lie ahead. He noted, "IT will play an increasingly significant role as we continue to develop our infrastructure and further enhance business operations. I am confident that our partnership with Rimini Street will be part of that future."

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